

Message Text

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ACTION ARA-14

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E.O. 11652: NA

TAGS: EIND, EFIN, PN

SUBJECT: DOLS. 300 MILLION GOP DEBT REFINANCING

REFERENCE: FILIPUVITCH - GLEASON TELCON 7/14/78

L. AS REQUESTED IN REF TELCON, FOLLOWING ARE BASIC
DETAILS OF NEW 300 MILLION LOAN FOR GOP DEBT
REFINANCING.

2. LOAN IS FOR TEN YEARS, TO BE REPAID IN 14 SEMI-
ANNUAL INSTALLMENTS STARTING 42 MONTHS AFTER
DRAWDOWN (SIGNED IN JUNE, EARLY DRAWDOWN EXPECTED),
WITH INTEREST RATES OF LIBOR PLUS ONE AND THREE
EIGHTHS PER CENT FOR FIRST FIVE YEARS AND LIBOR
PLUS ONE AND ONE HALF PER CENT FOR SECOND FIVE
YEARS. LENDERS ARE BANK OF AMERICA (MANAGER) AND
CITIBANK.

3. LOAN PROCEEDS WILL PAY OFF OUTSTANDING BALANCES
OF SIX EXISTING LOANS, TOTALLING APPROXIMATELY
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DOLS. 300 MILLION AT THE END OF JUNE, 1978, AS
SHOWN IN FOLLOWING TABLE:

LENDER	TERM	INT.RATE	ORIG. BAL.
(SIGNED)	(GRACE)	(LIBOR, AMT.	6/30/78
-	(YRS)	PLUS:)	(DOLS. (DOLLARS
-		MIL.)	MIL.)

CONSORTIUM(1973) 10(2) 1.5 65.0 43.3
CONSORTIUM(1973) 10(4) 1.25 115.0 105.0
CITICORP(1974) 10.4 1.125 36.0 36.0
BANK OF TOKYO (1974)
- 10(3) 1.25 12.0 11.0
CONSORTIUM(1975) 8(2) 1.75 45.0 30.0
CONSORTIUM(1976) 7(2) 1.75 80.0 80.0

- 353.0 305.3

4. ABOVE LOANS WERE SCHEDULED TO BE PAID OFF
OVER THE NEXT FOUR TO SIX YEARS WITH GRACE PERIODS
RUNNING OUT MOSTLY IN 1978. TOTAL AMORTIZATION
PAYMENTS WOULD HAVE AMOUNTED TO APPROXIMATELY DOLS.
66 MILLION ANNUALLY OVER EACH OF THE NEXT FOUR YEARS,
37 MILLION THE FIFTH YEAR, AND 8 MILLION THE SIXTH
YEAR.

5. THUS, THE NEW LOAN WILL HAVE THE EFFECT OF
REDUCING SCHEDULED AMORTIZATION PAYMENTS ON THE
GOP'S PUBLIC DEBT BY DOLS. 66 MILLION ANNUALLY
IN EACH OF THE NEXT THREE YEARS - THE GRACE PERIOD OF
THE NEW LOAN - AND BY 23 MILLION THE FOURTH YEAR,
AND INCREASING IT BY DOLS 6 MILLION IN THE FIFTH
YEAR, 35 MILLION IN THE SIXTH YEAR, AND BY 43
MILLION IN EACH OF THE SUBSEQUENT FOUR YEARS.
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6. THERE IS NO CLEAR ADVANTAGE OR DISADVANTAGE
OF SIGNIFICANCE TO THE GOP IN TERMS OF INTEREST
RATES, AS A RESULT OF THIS REFINANCING, SINCE
THE AVERAGE RATE ON THE SIX LOANS BEING PAID OFF
APPEARS TO BE ABOUT THE SAME AS THE RATE ON THE
NEW LOAN. JORDEN

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